

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PARCEL SELECT & PARCEL RETURN SERVICE
PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 2

Docket No. MC2009-40

COMPETITIVE PRODUCT PRICES
PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 2
(MC2009-40)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2009-61

**REQUEST OF THE UNITED STATES POSTAL SERVICE
TO ADD PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 2
TO COMPETITIVE PRODUCT LIST
AND NOTICE OF ESTABLISHMENT OF RATES AND CLASS
NOT OF GENERAL APPLICABILITY
(August 21, 2009)**

In accordance with 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 et seq., the United States Postal Service hereby requests that Parcel Select & Parcel Return Service Contract 2 be added to the competitive product list within the Mail Classification Schedule.¹ This is a competitive product not of general applicability within the meaning of 39 U.S.C. § 3632(b)(3).² A redacted version of the Governors' Decision establishing the prices and classification and a certification of the Governors' vote is provided in Attachment A.³ A redacted version of the contract is provided in Attachment B. Attachment C shows the requested changes in the Mail Classification product list with the addition underlined.⁴ Attachment D provides a statement of supporting justification

¹ 39 C.F.R. § 3020.31(a), (c).

² *Id.* § 3020.31(d).

³ *Id.* § 3020.31(b).

⁴ *Id.* § 3020.31(f).

for this request, as specified in 39 C.F.R. § 3020.32.⁵ Attachment E provides the certification of compliance with 39 U.S.C. § 3633(a)(1) and (3).⁶

As explained in the supporting justification, the Postal Service believes that it is appropriate to add this contract to the list of competitive products. The Commission should therefore approve this request as set forth in its rules. As required by 39 U.S.C. § 3642(d)(1), this Request is being published in the Federal Register.

The Postal Service also gives notice, pursuant to 39 USC § 3632(b)(3) and 39 CFR § 3015.5, that the Governors have established prices and classifications not of general applicability for this contract.⁷ The prices and class are to be effective one day after the Commission approves the required addition to the product list.⁸ An explanation and justification is provided in the Governors' Decision and accompanying analysis, which are being filed in unredacted version under seal.⁹ Also, being filed under seal are the required cost and revenue data.¹⁰ Attachment F provides the Application for Nonpublic Treatment of the materials filed under seal.¹¹

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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August 21, 2009

⁵ *Id.* § 3020.31(e).

⁶ *Id.* § 3015.5(c)(2).

⁷ *Id.* § 3015.5(a).

⁸ *Id.* § 3015.5(b).

⁹ *Id.*

¹⁰ *Id.* § 3015.5(c)(1).

¹¹ *Id.* § 3007.21.

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON
ESTABLISHMENT OF RATES AND CLASSES NOT OF GENERAL APPLICABILITY
FOR PARCEL SELECT SERVICE AND PARCEL RETURN SERVICE
(GOVERNORS' DECISION No. 09-12)**

August 3, 2009

STATEMENT OF EXPLANATION AND JUSTIFICATION

The Postal Service and [REDACTED] ("the contract partner") have entered into a shipping services contract that provides [REDACTED] for [REDACTED] Parcel Select packages [REDACTED] and Parcel Return Service packages [REDACTED]. The contract is for two years, with an optional third year, [REDACTED]. Accordingly, pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish prices not of general applicability, and such changes in classifications as are necessary to implement the prices.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

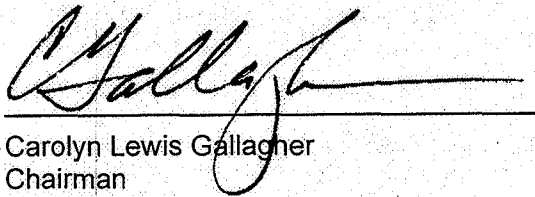
The contribution level of this contract is estimated to be [REDACTED] percent.

We have reviewed management's analysis of the contract, which is attached. We have evaluated the new price and classification changes in this context in accordance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. We approve the changes, finding that they are appropriate, and are consistent with the regulatory criteria, as indicated by management.

ORDER

We direct management to file with the Postal Regulatory Commission appropriate notice of these classification and rate changes and to request any needed addition to the competitive product list. The changes in price and class set forth herein shall be effective one day after the Commission approves any required addition to the product list under 39 C.F.R. § 3020 Subpart B.

By The Governors:



Carolyn Lewis Gallagher
Chairman

ANALYSIS OF THE PARCEL SELECT / PARCEL RETURN SERVICE CONTRACT WITH [REDACTED]

Attachment to Governors' Decision No. 09-12

The Postal Service has entered into a two-year contract (with an optional third year) with [REDACTED] ("the contract partner") to offer [REDACTED]:

- Parcel Select packages [REDACTED]
- Parcel Return Service packages [REDACTED]

The contract [REDACTED]

Under the contract, [REDACTED]

The Postal Service may cancel the agreement with one year's written notice.

The contract will result in new and more profitable volume for the Postal Service by providing [REDACTED] an incentive to:

[REDACTED]

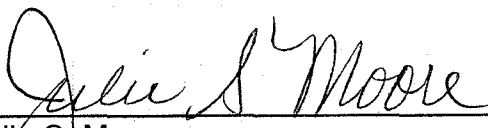
[REDACTED]

[REDACTED], the agreement remains profitable under all conditions. Weighted average cost coverage is expected to be [REDACTED]%. Actual performance will vary based [REDACTED].

Based on the estimated increase in contribution from this contract, in light of anticipated costs and volumes, this contract will cover its attributable cost (39 U.S.C. §3633(a)(2)) and will result in competitive products as a whole complying with 39 U.S.C. §3633(a)(3), which, as implemented by 39 C.F.R. §3015.7(c), requires competitive products to contribute a minimum of 5.5 percent to the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products arises (39 U.S.C. §3633(a)(1)).

**CERTIFICATION OF GOVERNORS' VOTE
IN THE
GOVERNORS' DECISION NO. 09-12**

I hereby certify that the Governors voted on adopting Governors' Decision No. 09-12, and that, consistent with 39 USC 3632(a), a majority of the Governors then holding office concurred in the Decision.



Julie S. Moore
Secretary of the Board of Governors

Date: 8.3.09

**SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING PARCEL SELECT SERVICE
AND PARCEL RETURN SERVICE**

This contract for shipping services is made by and between [REDACTED] (“Customer”), a corporation organized and existing under the laws of [REDACTED], with its principal office at [REDACTED], and the United States Postal Service (“the Postal Service”), an independent establishment of the Executive Branch of the United States Government established by the Postal Reorganization Act, Public Law 91-375, with its principal office at 475 L’Enfant Plaza, SW, Washington, DC 20260. The Postal Service and Customer are referred to herein collectively as the “Parties” and each as a “Party.”

WHEREAS, it is the intention of the Parties to enter into a shipping services contract that will benefit the Postal Service, the postal system as a whole, and Customer, and that will comply with the requirements of Title 39 United States Code, as amended by the Postal Accountability and Enhancement Act of 2006,

NOW, THEREFORE, the Parties agree as follows:

I. Terms

The following terms apply as of the implementation date, as defined below:

- A. Except to the extent different terms or prices are specified in this contract, applicable provisions of the Domestic Mail Manual and of other postal laws and standards apply to mail tendered under this contract.
- B. The Postal Service will make available to Customer [REDACTED] Customer’s Parcel Select [REDACTED] and Parcel Return Service [REDACTED] tendered by Customer or its subsidiaries.

- 1. [REDACTED]

2. [REDACTED]

a. [REDACTED]

b. [REDACTED]

c. [REDACTED]

[REDACTED]

- d. *Potential Contract Extension.* If [REDACTED] the contract will continue in effect an additional year through May 31, 2012, [REDACTED], except as provided in Section III. [REDACTED]
- If the contract is not to be continued for that additional year, the Postal Service and/or Customer will notify the other Party in writing.

II. Regulatory Review and Effective Date

This contract is subject to approval by the Postal Service Governors and the Postal Regulatory Commission (“the Commission”). In accordance with Title 39 and the Commission’s Rules of Practice and Procedure, and upon approval of the Postal Service Governors, the Postal Service will make required filings with the Commission. The effective date of this contract shall be the day following the date on which the Commission issues all necessary regulatory approval.

III. Expiration Date and Termination

This contract shall expire on May 31, 2011, unless (1) extended for an additional year under paragraph I.B.2.d above, (2) terminated by mutual agreement in writing, (3) renewed by mutual agreement in writing, (4) superseded by a subsequent written contract between the Parties, (5) ordered by the Commission or a court, or (6) required to comply with subsequently enacted legislation. The Postal Service may terminate this contract unconditionally and without penalty, with one year’s written notice to Customer.

IV. Confidentiality

Neither Party shall make public the terms of this contract, except to the extent required by law. The Postal Service shall request that the Commission, in executing its functions under the Act, not disclose Customer’s identity, the terms of this contract, or supporting data, in accordance with the Commission’s rules and practices.

V. Appeals

Customer may appeal a Postal Service decision regarding prices, the calculation of prices or rebates, the amount of rebates paid, or other implementation or operational issues under this contract by submitting a written appeal within thirty (30) days of receipt of notification of the determination giving rise to the appeal to: Manager, Pricing and Classification Service Center, 90 Church St. Ste. 3100, New York, NY 10007-2951 ((212) 330-5300 / Fax: (212) 330-5320). The decision of the Manager, PCSC, will be administratively final. Any decision that is not appealed as prescribed becomes the final Postal Service decision.

VI. Amendments

This contract shall not be amended except expressly, in writing, by authorized representatives of the Parties.

VII. Waiver

Any waiver by a party shall not constitute a waiver for any future occurrence. No waiver shall be valid unless set forth in a writing executed by the party waiving such provision.

IN WITNESS WHEREOF, the Parties hereto have caused this contract to be duly executed as of the day and year first written above.

UNITED STATES POSTAL SERVICE

Signed by: James Cochran

Printed Name: JAMES COCHRANE

Title: VP GROUND SHIPPING

Date: July 14 2009

Date: July 14-2009

MAIL CLASSIFICATION SCHEDULE

PART B—COMPETITIVE PRODUCTS

2000 COMPETITIVE PRODUCT LIST

NEGOTIATED SERVICE AGREEMENTS

Domestic

Parcel Select & Parcel Return Service Contract 2

Statement of Supporting Justification

I, Daniel J. Barrett, Manager, Sales Strategy and Customer Support, Ground Shipping Services, am sponsoring this request that the Commission add Parcel Select & Parcel Return Service Contract 2 to the list of competitive products. This statement supports the Postal Service's request by providing the information required by each applicable subsection of 39 C.F.R. § 3020.32. I attest to the accuracy of the information contained herein.

- (a) *Demonstrate why the change is in accordance with the policies and applicable criteria of the Act.*

As demonstrated below, the change complies with the applicable statutory provisions.

- (b) *Explain why, as to the market dominant products, the change is not inconsistent with each requirement of 39 U.S.C. § 3622(d), and that it advances the objectives of 39 U.S.C. § 3622(b), taking into account the factors of 39 U.S.C. § 3622(c).*

Not applicable. The Postal Service is proposing that this Parcel Select and Parcel Return Service contract be added to the competitive products list.

- (c) *Explain why, as to competitive products, the addition, deletion, or transfer will not result in the violation of any of the standards of 39 U.S.C. § 3633.*

The service to be provided under the contract will cover its attributable costs and make a positive contribution to coverage of institutional costs. The contract will increase contribution toward the requisite 5.5 percent of the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products arises (39 U.S.C. § 3633(a)(1)).

- (d) *Verify that the change does not classify as competitive a product over which the Postal Service exercises sufficient market power that it can without risk of losing a significant level of business to other firms offering similar products: (1) set the price of such product substantially above costs, (2) raise prices significantly; (3) decrease quality; or (4) decrease output.*

The contract sets specific terms and conditions for providing Parcel Select and Parcel Return Service to the customer. Parcel Select and Parcel Return Service are provided in a highly competitive market. The Postal Service is unable to set prices substantially above costs, raise prices significantly, decrease quality, or decrease output, without losing this business to private competitors in the ground shipping market.

In negotiating this contract, the Postal Service's bargaining position was constrained by the existence of other providers of services similar to the Postal Service's. As such, the market precludes the Postal Service from taking unilateral action to increase prices or decrease service. As with Parcel Select and Parcel Return Service in general, the Postal Service may not decrease quality or output without risking the loss of business to competitors that offer similar ground delivery services. The market does not allow the Postal Service to raise prices or offer prices substantially above costs; rather, the contract is premised on prices and terms that provide sufficient incentive for the customer to ship with the Postal Service rather than a competitor.

- (e) *Explain whether or not each product that is the subject of the request is covered by the postal monopoly as reserved to the Postal Service under 189 U.S.C. § 1696, subject to the exceptions set forth in 39 U.S.C. § 601.*

I am advised that merchandise sent by Parcel Select and Parcel Return Service and this contract are not covered by these provisions. See part (d) above.

- (f) *Provide a description of the availability and nature of enterprises in the private sector engaged in the delivery of the product.*

See part (d) above. Ground shipping, including services such as Parcel Select and Parcel Return Service, is widely available from well-known and successful private firms at both published and contract prices.

- (g) *Provide any available information of the views of those who use the product on the appropriateness of the proposed modification.*

Having entered into this contract with the Postal Service, the customer supports the addition of the contract to the product list so that the contractual terms can be effectuated.

- (h) *Provide a description of the likely impact of the proposed modification on small business concerns.*

The market for ground shipping services is highly competitive and requires a substantial infrastructure to support a national network. Large shipping companies serve this market. The Postal Service is unaware of any small business concerns that could offer comparable service for this customer.

- (i) *Include such other information, data, and such statements of reasons and bases, as are necessary and appropriate to fully inform the Commission of the nature, scope, significance, and impact of the proposed modification.*

Additional details regarding the terms of the contract have been provided to the Commission under seal due to the sensitivity of the contract to both the customer and the Postal Service.

Certification of Prices for Parcel Select & Parcel Return Service Contract 2

I, W. Ashley Lyons, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for Parcel Select & Parcel Return Service Contract 2. The prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on Establishment of Rate and Class Not of General Applicability for Parcel Select Service and Parcel Return Service, dated August 3, 2009 (Governors' Decision No. 09-12).

I hereby certify, based on in the financial analysis provided herewith, that the prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.



W. Ashley Lyons

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21, the Postal Service hereby applies for non-public treatment of: the unredacted Governors' Decision; the unredacted shipping services contract; and the supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5. The Postal Service hereby furnishes the justification required for this application by each subsection of 39 C.F.R. § 3007.21(c), as enumerated below.

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials. The Postal Service further requests that the Commission order that the duration of such treatment of customer identifying information be extended indefinitely.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The materials designated as non-public consist of information of a commercial nature, which under good business practice would not be publicly disclosed. In the Postal Service's opinion, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3), (b)(4).¹ Because the portions of the materials which the Postal Service is applying to file only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

¹ In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, are not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(4). The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A).² Because the portions of materials filed non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

The Postal Service believes that the customer with whom the contract is made has a proprietary interest in the non-public materials and that customer-identifying information should be withheld from public disclosure. Therefore, rather than identifying the customer, the Postal Service gives notice that it has already informed the customer, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission. The Postal Service employee responsible for providing notice to the third party with proprietary interest in the materials filed in this docket is Scott Reiter, Attorney, 475 L'Enfant Plaza SW, Washington, D.C. 20260-1137, whose email address is scott.l.reiter@usps.gov and whose telephone number is 202-268-2999.

² The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

The Governors' Decision establishing the negotiated prices and terms, the contract identifying the customer and containing the prices, terms and conditions of the contract, and the financial workpapers supporting the contract are being filed under seal in this docket. Redacted copies of the Governors' Decision and the contract are being filed publicly in this docket. The Postal Service maintains that the redacted portions of the Governors' Decision, the contract, name of the customer and related financial information should remain confidential.

With regard to the contract, the redactions are of the name, address, signature block, and other information that could identify the customer; such identifying information of a postal patron may be withheld from mandatory public disclosure by virtue of 39 U.S.C. § 504(g)(1) and 39 U.S.C. § 410(c). Also redacted are the negotiated price structure and the terms directly related to implementation of the price structure.

The redacted portions of the Governors' Decision also protect the customer's identifying information, the pricing terms of the contract, and the Postal Service's expected profit from the contract. The redacted portions of the Analysis attached to the Governors' Decision protect the same information, as well as the Postal Service's business reasons underlying the negotiated pricing structure and details about the relationship between the customer's business model and the provisions of the contract.

The redactions applied to the financial work papers protect commercially sensitive information such as underlying costs and assumptions, pricing formulas, information relevant to the mailing profile of the customer, and cost coverage projections. To the extent practicable, the Postal Service has limited its redactions in the workpapers to the actual information it determined to be exempt from disclosure under 5 U.S.C. § 552(b). However, in a limited number of cases, narrative passages or notes were redacted in their entirety due to the practical difficulties of redacting particular words or numbers within the text as presented in a spreadsheet format.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the redacted information were to be disclosed publicly, the Postal Service considers that it is quite likely that it and the customer would suffer commercial harm. The information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices.

Revealing this information would provide a competitive advantage to competitors of the Postal Service and of the customer. The Postal Service considers that it is highly probable that if this information were made public, such entities would take immediate advantage of it and there is a substantial risk that the Postal Service and the customer would lose business as a result. Additionally, other postal customers could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service and other businesses could use the information to their advantage in negotiating with the customer. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

Finally, the financial work papers include specific information such as costs, negotiated prices and pricing structure, assumptions used in developing costs and prices, mailer profile information, and projections of variables. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's and the customer's competitors would likely take great advantage of this information. Unlike its competitors, the Postal Service is required to meet the standards of 39 U.S.C. § 3633 with each negotiated service agreement that it asks to have added to the competitive products list. Competitors are not so constrained and could use the redacted information to their advantage in gaining customers. The formulas shown in the spreadsheets in their native format provide additional sensitive information. Revealing the Postal Service's profit margin information could also be used by the customer to attempt to renegotiate its own prices.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Public release of the information for which the Postal Service seeks non-public treatment would damage the Postal Service's finances, its business partners, and would create undue advantages for its and their competitors. In marketing a full range of ground package delivery services, the Postal Service operates in a highly competitive environment characterized by extremely price-sensitive customers and a range of business partners who incorporate the Postal Service as the first-mile or last-mile service provider. These business partners also compete directly with the Postal Service. Each customer relationship and each business partner relationship is unique in terms of the operating conditions at hand, potential for growth, and long-term strategic importance. Each relationship merits different considerations toward price and other factors. With potentially disparate terms and conditions in play, making the terms of a particular relationship public would have serious implications in the marketplace. Making such information public would negatively affect the Postal Service, its business partners and ultimately its customers. Therefore the existence of an agreement with a specified identified partner, and the details of the agreement must be kept confidential to avoid the potential for financial harm to multiple stakeholders.

Revealing the prices, and related terms and conditions of the agreement, as well as the underlying cost analysis, would cause immediate, likely, competitive harm to the Postal Service. With further information about the Postal Service's costs and pricing, competitors would have a heavily advantaged competitive position from a customer acquisition and retention standpoint. When competing with the Postal Service, they would have better information about how low they would need to price to acquire the customer. In cases where their existing customers were considering the Postal Service, the competitor could simply lower its price – exactly as much as it needed to, and no more – in a way to maintain the business.

The Postal Service might also be harmed by customers' becoming aware of the terms of a specific customer or business partner relationship. Assuming the contract prices, or other contract terms, were more favorable than those currently paid by other customers, these customers might seek lower prices. If the Postal Service negotiated

lower prices, it would forgo revenue it otherwise would have collected. On the other hand, if the Postal Service was unable to provide lower prices for that customer, it would lose the customer and the revenue it currently provides.

To the degree that the prices or other contract terms are with a business partner, information about postal prices, costs, and the business partner's mailing profile would provide information that customers of that business partner could use to seek concessions from the partner. The partner would then have the same undesirable situation discussed above – losing revenue or the customer. In addition, information about the business partner's projected mailing profile with the Postal Service would provide information to its competitors that could be used to cause competitive harm to the business partner.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the market for domestic parcel shipping products, as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for such products should not be provided access to the non-public materials.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30. The Postal Service believes that the ten-year period of non-public treatment is sufficient to protect its interests with regard to the information it determined should be withheld due to commercial sensitivity, other than customer identifying information. The Postal Service believes that customer-identifying information should be protected permanently and asks the Commission to extend the duration of non-public status of that information indefinitely. Disclosure of customer

identifying information leaves the Postal Service vulnerable to competitive “cherry-picking.” Customers may seek to extend or renew their contracts, but the implementation of a new 10-year period of non-public treatment with each renewed contract does not affect the expiration of non-public treatment of the same information under the original contract. Therefore, the Postal Service seeks indefinite non-public treatment of the customer’s name, address and other identifying information in the non-public materials.

(8) Any other factors or reasons relevant to support the application.

None.